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DIRECTORATE OF  
INTELLIGENCE

# Intelligence Memorandum

*Recent Trends in Communist Economic and Military Aid to Iraq*

**Secret**

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March 1972

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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
March 1972

INTELLIGENCE MEMORANDUM

RECENT TRENDS IN COMMUNIST ECONOMIC  
AND MILITARY AID TO IRAQ

Summary

1. Before the coup that overthrew Iraq's monarchy in July 1958, both economic and military aid came entirely from Western sources. Since the coup, a series of leftist regimes have turned to the USSR and other Communist countries for the great bulk of such aid. Moscow, the first to respond to Baghdad's request, made its first economic aid commitment less than one year after the coup. East European countries began their economic aid program in 1965, and in 1971 the People's Republic of China (PRC) made its first commitment. While a modest Western aid effort continued during the 1960s, it was overwhelmed by Communist aid extensions, which totaled more than \$830 million by the end of 1971. Communist aid during the 1960s went to a variety of economic sectors, but Iraq's petroleum industry has received the lion's share since 1969, when Baghdad sought Communist help in developing areas taken over from the Western-owned Iraq Petroleum Company some years earlier.

2. The Communist countries, chiefly the USSR, are now practically the sole suppliers of military equipment and training for Iraq's armed forces. From the coup through 1971, Communist arms commitments exceeded \$1 billion. As a result, Iraq is the third largest active recipient of Communist military aid to less developed countries. Thus far Iraq has not been especially successful in absorbing sophisticated Soviet military weapons, but training is continuing.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence.

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### Discussion

#### The Amount and Character of Economic Aid

3. Communist countries have been Iraq's chief source of economic aid since the monarchy was overthrown in July 1958. By the end of 1971, Communist aid extensions had reached nearly \$832 million (see Table 1). Actual deliveries of non-Communist aid totaled only about \$62 million during 1959-70.

4. For the first few years after the revolution, all Communist aid was supplied by the USSR. In the mid-1960s, however, East European aid became important, and in 1971 China extended its first economic credit. An upsurge in Communist aid came in 1969 when Baghdad accepted Communist help for Iraq's oil industry; nearly 75% of Communist aid extensions date from this time. Western aid has continued at a relatively low level -- about \$5 million annually during the 1960s -- with almost three-fourths of the total coming from the United States, largely in the form of PL 480 -- Food for Peace.

5. Nearly all Communist economic aid has been in the form of project assistance -- about 33% for the petroleum sector, some 21% for light industry and electric power, and a like amount for transportation and agriculture.<sup>(1)</sup> About 25% of the economic aid not yet committed will probably be channeled largely into industrial and petroleum projects. Before 1969, most project aid was for industry and transportation. The largest project, the Baghdad-Basra railroad (see Figure 1), was built under a 1960 Soviet credit and completed in 1968 after a total Soviet contribution of more than \$46 million.

#### The Petroleum Sector

6. Since mid-1969, Communist countries have allocated Iraq's oil industry a minimum of \$245 million in aid. The USSR alone is providing at least \$170 million. In two agreements concluded in 1969, Moscow agreed to make available \$121 million for machinery, equipment, and technical services for projects primarily in the North Rumaylah oilfield area of southern Iraq (see Figure 2). Seven wells already have been drilled in this area, which is thought to contain between 25% and 50% of Iraq's proved oil reserves of some 10 billion barrels. An 80-mile, 28-inch pipeline with an initial capacity of 100,000 barrels per day (bpd) has been constructed from Rumaylah to the port of Fao, where storage facilities are now being built.

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1. For a list of Communist aid projects, see Tables 3 and 4 (Tables 3 through 9 are in the Appendix).

Table 1

## Communist Economic Aid Extended to Iraq

|                               | Million US \$  |              |             |             |             |             |              |             |              |
|-------------------------------|----------------|--------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|
|                               | <u>1959-71</u> | <u>1959</u>  | <u>1960</u> | <u>1962</u> | <u>1965</u> | <u>1967</u> | <u>1969</u>  | <u>1970</u> | <u>1971</u>  |
| <i>Total</i>                  | <i>831.8</i>   | <i>137.5</i> | <i>45.0</i> | <i>1.4</i>  | <i>20.0</i> | <i>18.4</i> | <i>245.4</i> | <i>65.3</i> | <i>298.8</i> |
| USSR                          | <u>553.7</u>   | <u>137.5</u> | <u>45.0</u> | <u>1.4</u>  | <u>0</u>    | <u>4.4</u>  | <u>120.7</u> | <u>22.5</u> | <u>222.2</u> |
| Eastern Europe                | <u>238.9</u>   | <u>0</u>     | <u>0</u>    | <u>0</u>    | <u>20.0</u> | <u>14.0</u> | <u>124.7</u> | <u>42.8</u> | <u>37.4</u>  |
| Bulgaria                      | 26.0           | --           | --          | --          | --          | 14.0        | --           | 12.0        | --           |
| Czechoslovakia                | 27.0           | --           | --          | --          | --          | --          | 27.0         | --          | --           |
| East Germany                  | 84.0           | --           | --          | --          | --          | --          | 84.0         | --          | --           |
| Hungary                       | 42.0           | --           | --          | --          | --          | --          | 11.2         | 30.8        | --           |
| Poland                        | 24.9           | --           | --          | --          | 20.0        | --          | 2.5 a/       | --          | 2.4          |
| Romania                       | 35.0           | --           | --          | --          | --          | --          | --           | --          | 35.0         |
| People's Republic<br>of China | <u>39.2</u>    | <u>0</u>     | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>     | <u>0</u>    | <u>39.2</u>  |

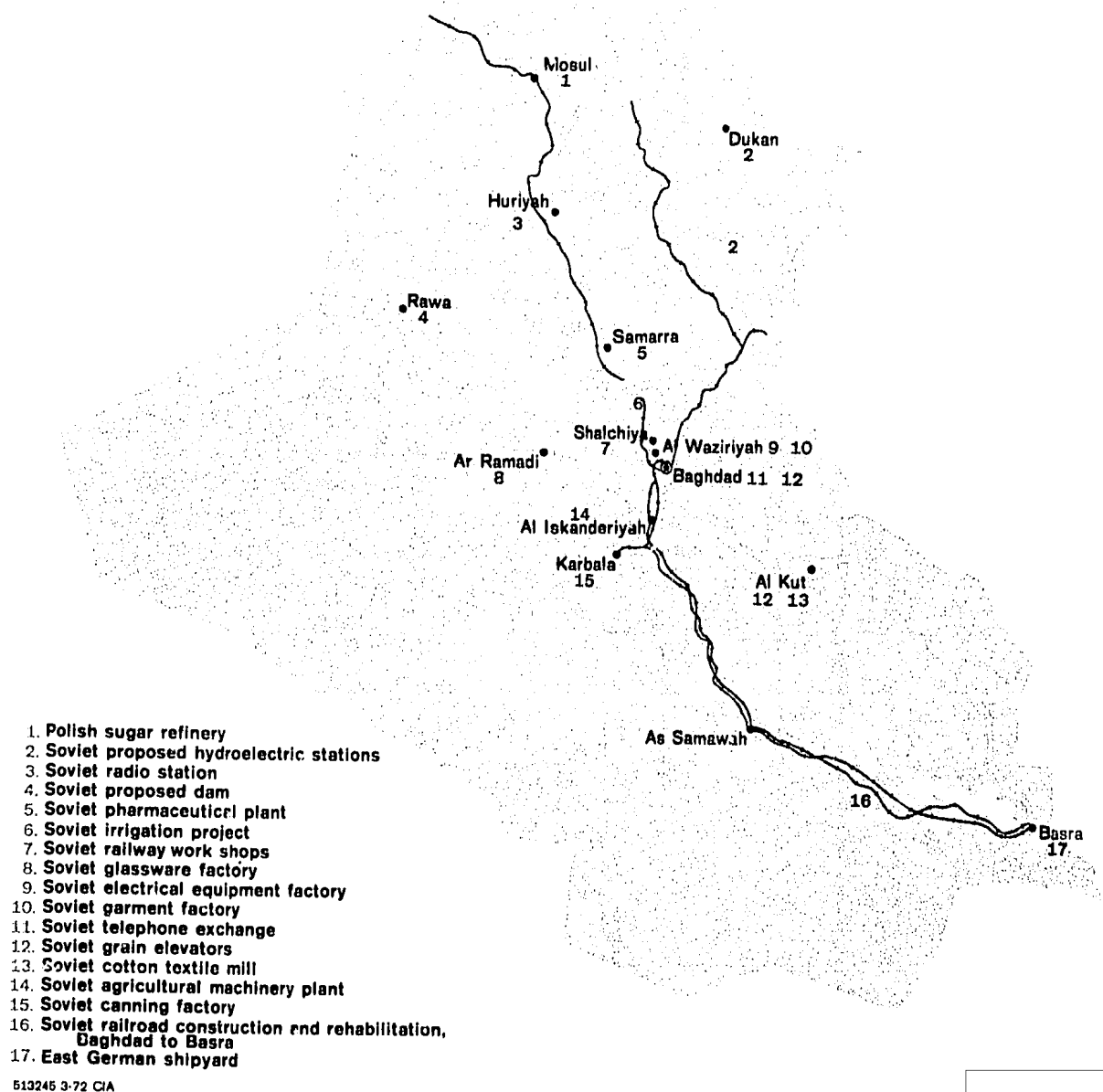
a. Minimum estimated value.

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Figure 1. Iraq: Communist Economic Aid Projects

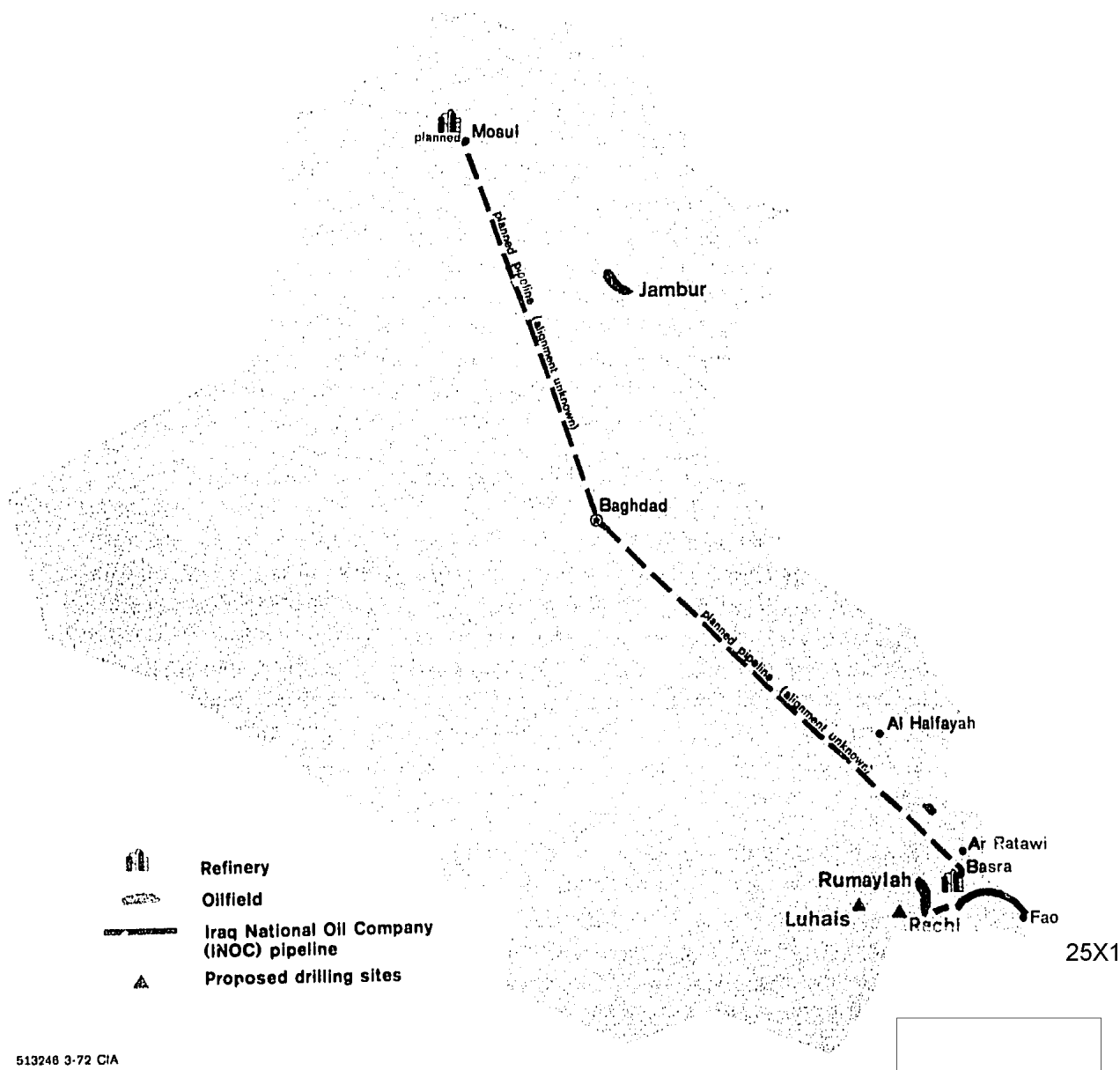


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Figure 2. Iraq: Communist Aid to Iraq's National Oil Industry



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7. In April 1971, Moscow extended a \$222 million credit, of which at least \$50 million will be used to construct oil pipelines and a refinery at Mosul with a capacity of 30,000 bpd. Soviet personnel are now surveying a 375-mile pipeline route from Baghdad to Basra; an extension from Baghdad to northern Iraq also is in the planning stage. The state-owned Iraq National Oil Company (INOC) has opened a Moscow office to expedite work on Soviet-aided oil projects.

8. East European countries are also an important source of aid for Iraq's oil industry. These countries have extended about \$75 million in credits since 1969. Czechoslovakia provided \$27 million for a 70,000 bpd refinery at Basra. Under an \$11 million credit, Hungary has drilled four wells in North Rumaylah and is drilling three additional wells near Jambur in northern Iraq. Bulgaria will conduct an oil survey under a \$12 million development credit, and a \$35 million Romanian credit will be used for petroleum equipment and technical assistance. The agreement with Bucharest also provides for joint construction of oil refineries in Iraq, Romania, and possibly third countries. Although Communist-aided oil projects are still largely in their initial stages, work is moving ahead rapidly. The largest share of the estimated 815 Communist economic technicians in Iraq last year were working on oil-related projects.

Drawings

9. By the end of 1971, more than \$200 million of Communist economic aid had been drawn. Drawings rose slowly after Communist aid began in 1959 but jumped sharply to a peak of \$30 million in 1962 as construction accelerated (see Table 5). Drawings averaged about \$22 million annually during the next four years but fell to only \$6 million in 1967 as most major aid projects were completed. There were almost no drawings in 1969. In 1970, however, drawings increased sharply as work began under more recent credits.

Economic Aid Repayments

10. By the end of 1971, Iraq had repaid the USSR an estimated \$80-\$85 million in principal and interest. Although Moscow's early credits carried the usual repayment terms of 12 years and 2.5% interest, the terms of recent credits have varied. For example, while the \$222 million credit extended in 1971 presumably carries the usual repayment terms, two smaller petroleum credits provided in mid-1969 call for repayment over five to seven years at 3% and 2.5%, respectively. Unlike most Soviet aid recipients, Iraq chose to repay the earlier credits with hard currency rather than in local commodities. However, the \$222 million credit and a \$67 million petroleum development credit extended in 1969 are repayable in crude oil.

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11. East European credits call for repayment over seven to 12 years at 2.5%-3% interest. Practically all East European credits extended since mid-1969 are to be repaid in crude oil. Repayment terms for the \$39 million credit extended by the People's Republic of China in 1971 are especially generous. The credit is interest-free and payable in oil over ten years beginning in 1984.

12. Communist countries are willing to accept repayment in oil largely because they need additional sources of supply to meet their growing energy requirements. Iran and Afghanistan, for example, are repaying Soviet credits by shipping natural gas to the USSR through Soviet-built pipelines. A number of East European countries also accept payment in oil from Iran.

#### Economic Aid Financing for Iraq's Development Plan

13. Drawings on Communist aid, which averaged about \$15 million annually during the 1960s, have accounted for only about 5% of total Iraqi public investment. In Iraq's current development plan, however, Communist aid will play a much more important role, providing nearly 20% of planned public investment.<sup>(2)</sup>

14. Communist aid to the petroleum industry will be particularly important. Iraq plans to invest some \$1.4 billion in the petroleum sector during the 1970s, of which about 18% will come from existing Communist commitments. Since these credits will largely be drawn down by 1975, additional aid extensions seem likely further on in the decade. Several Communist countries already have expressed interest in participating in Baghdad's \$400 million scheme to build a 750-mile, 48-inch pipeline from the Rumaylah oilfields to the Syrian port of Tartus. This extremely ambitious project, however, is not likely to be built for some time.

#### Technical Assistance

15. The number of Communist economic technicians in Iraq has fluctuated with the level of aid. Soviet personnel probably reached a record 750 at the height of Soviet aid activities in 1962. Their numbers subsequently leveled off at around 400 but rose to 630 in 1971 as activity again increased. The salaries and expenses of these technicians - between \$3 million and \$5 million annually - are covered by Soviet credits. The number of East European technicians generally has ranged between 150 and 200, although it rose to about 550 in 1966. During 1956-71 an estimated 5,030 Iraqi students and trainees studied in Communist countries.

2. Iraq currently is implementing its Second Five-Year Plan (April 1970 - March 1975). Most of the planned investment of some \$4.4 billion will be public investment, the funds for which will be drawn primarily from oil revenues. These revenues reached an estimated \$950 million during 1971 and are expected to total about \$5 billion during 1971-75.

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Impact of Communist Aid on Iraq's Trade

16. Although trade with the USSR and Eastern Europe has been increasing in recent years, it was still only about 8% of Iraq's total trade in 1970. These countries, however, are an important source of Iraq's imports, accounting for nearly 25% of the total in 1970 (see Table 6). Drawings on Soviet and East European aid during 1962-66 represented about 33% of Iraqi imports from these countries. Drawings subsequently dropped sharply, but imports remained relatively high, indicating a developing trade relationship outside the aid program. In fact, Iraq's total trade with these countries jumped from \$33 million in 1960 to \$127 million in 1970. It should continue to rise as aid deliveries again increase and oil is exported in repayment.

17. Crude oil will quickly replace agricultural products as the chief Iraqi export to the Communist world. Oil exports as repayment for aid should reach about \$6 million in 1972, an amount approximating Iraq's total 1970 non-oil exports to the USSR and Eastern Europe. Iraqi oil exports to repay credits should reach more than \$20 million in 1975 and nearly \$40 million by the end of the decade (see Table 7). Total Iraqi exports to Communist countries, however, probably will be much higher since commercial contracts for additional oil are likely to be concluded.

Military Assistance

18. Since 1958, Communist countries have extended Iraq nearly \$1.1 billion of arms aid (see Tables 2 and 8), almost all from the USSR. Only Egypt, India, and Indonesia have received more. About \$725 million had been delivered by the end of 1971, some 45% since the 1967 Arab-Israeli War. Although Iraq continues to receive some equipment from the West,<sup>(3)</sup> it is almost completely dependent on the Soviet Union for arms.

Early Agreements

19. By June 1967 the USSR had extended almost \$565 million of military aid to Iraq under five separate agreements dating back to November 1958. Equipment delivered under these accords included more than 90 MIG jet fighters, ten TU-16 medium jet bombers, 15 IL-28 light jet bombers, 330 medium and light tanks, 440 armored personnel carriers, and 120 self-propelled guns.<sup>(4)</sup> Iraq also installed the Soviet SA-2 missile system in 1962 but was unable to operate and maintain it. The equipment was resold to Egypt a few years later.

3. During 1967-70, Iraq received \$30 million worth of arms from the West -- primarily armored cars from France, Cobar antitank missiles from West Germany, and some ammunition from the United Kingdom.

4. For a list of major equipment delivered to Iraq, see Table 9.

Table 2

## Communist Military Aid Extended to Iraq

|                | Million US \$                  |             |             |             |             |             |             |             |             |             |             |
|----------------|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                | <u>Total</u><br><u>1958-71</u> | <u>1958</u> | <u>1960</u> | <u>1961</u> | <u>1964</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> |
| <i>Total</i>   | 1,081                          | 131         | 98          | 113         | 41          | 181         | 100         | 42          | 70          | 55          | 250         |
| USSR           | 1,004                          | 131         | 98          | 113         | 41          | 181         | 80          | 10          | 45          | 55          | 250         |
| Czechoslovakia | 65                             | --          | --          | --          | --          | --          | 20          | 30          | 15          | --          | --          |
| Poland         | 10                             | --          | --          | --          | --          | --          | --          | --          | 10          | --          | --          |
| Bulgaria       | 2                              | --          | --          | --          | --          | --          | --          | 2           | --          | --          | --          |

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20. Baghdad's purchases of Soviet naval equipment during the early years were confined to three subchasers, 12 motor torpedo boats, and some auxiliary craft. In 1966, however, Baghdad ordered four T-43 minesweepers, eight Komar-class guided missile patrol boats, and a Petya-class escort ship. The Petya contract subsequently was canceled because of Iraq's inability to operate and maintain this type of ship. Only two T-43 minesweepers have been received. Since no Komar-class boats have been delivered, the contract may have been canceled.

Agreements Since the June 1967 War

21. Since mid-1967, Moscow has extended some \$440 million of military aid. Although Iraq lost only about a dozen aircraft during the June 1967 War, Moscow rapidly airlifted 12 MIG-21s and 16 MIG-15/17 jet fighters to Iraq as part of its overall Arab resupply effort. Moscow also quickly delivered 35 SU-7 fighter bombers ordered under a previous agreement. Soviet willingness to provide the additional aircraft rapidly and Moscow's pressure on Baghdad not to purchase Western aircraft led Iraq to cancel a contract for 54 Mirage jet fighters negotiated with the French before the outbreak of hostilities. Between mid-1967 and the end of 1971, Moscow had delivered 78 MIG jet fighters, 66 SU-7 jet fighter-bombers, about 430 tanks, about 695 armored personnel carriers, and 520 artillery pieces.

22. Since 1967, Baghdad also has concluded several accords with Czechoslovakia totaling \$65 million for 40 L-29 jet training aircraft, some MIG-15s, and various antiaircraft guns. In addition, Iraq purchased about \$10 million worth of MIG-15s from Poland and \$2 million worth of ammunition from Bulgaria. The MIG-15s obtained in Eastern Europe, however, were purchased primarily for parts.

23. The Soviet Union extended a \$236 million credit in October 1971, apparently as part of an agreement to modernize Iraq's armed forces. It is not yet known what equipment the agreement calls for. Baghdad did press for a new generation of fighters, but apparently accepted updated models of the MIG-21 jet fighter and the SU-7 fighter-bomber. MI-8 helicopters, T-55 tanks, armored personnel carriers, antiaircraft guns, and antitank rocket launchers also are believed to be included in the new accord.

24. Iraq has been negotiating with several East European countries for additional arms, but there are no reports of any new arms purchases from them. An agreement with China probably covered only a token quantity of ground forces equipment as a political gesture.

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### Terms of Repayment

25. Moscow sells Iraq arms at low prices and on favorable terms; repayment varies from five to ten years at 2% interest. Discounts from list prices average about one-third for most weapons systems. Although the agreements specify repayment in commodities, Iraq has chosen to repay in hard currency. Baghdad probably has repaid \$250 million on its arms debt to the USSR (about half of the amount owed), with recent payments averaging about \$30 million annually. East European terms have been more stringent, discounts are not given, and repayment is over five years in hard currency.

### Military Technical Assistance

26. The Communist military technical assistance program consists largely of training Iraqi military personnel at military installations in Communist countries. By the end of 1971, an estimated 1,825 Iraqis received such training, primarily in the USSR. Some Iraqi officers have attended various Soviet staff and command schools.

27. The number of Communist (mainly Soviet) military technicians in Iraq has varied with the flow of arms. It reached a peak of about 500 in 1962, subsequently declined to a low level, but rose slowly after 1966 to an estimated 400 in 1971. These technicians generally deliver, assemble, and maintain military equipment; train Iraqi personnel in tactics and in the operation and maintenance of equipment; and serve as advisers to staff and line military officers. Their costs represent a current account outlay since Moscow rarely provides credit for such expenditures.

### Impact and Outlook

28. Communist economic and military aid has continued to flow into Iraq despite periodic tensions in Soviet-Iraqi relations. This aid will continue and probably increase over time since both countries view the aid relationship as serving their respective interests. Baghdad is procuring modern and sophisticated weaponry at prices and terms not available elsewhere. Iraq also has found the Communist countries to be an important additional foreign source of investment capital. From the Soviet point of view, their aid program has contributed substantially to the elimination of Western influence in Iraq. Through its technical assistance program, the USSR has exposed many Iraqis to socialist ideas and techniques. Moreover, the program has enabled the Soviets to establish important relationships with Iraqis who in the future may hold key positions.

29. Moscow's aid -- particularly its military aid -- also has given Moscow some leverage and influence over Iraqi domestic and foreign policy.

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After the pro-Soviet Kassem regime was overthrown in February 1963, for example, the new government attacked the international Communist movement, violently repressed domestic Communists, and stepped up military operations against the Kurds. Moscow retaliated by first slowing the pace of its military deliveries to Iraq and then stopping deliveries altogether. When Baghdad subsequently ceased its anti-Communist propaganda and reduced its repression of local Communists, military aid shipments were resumed. Soviet attempts to make life easier for local Communists, however, have had short-lived effects as repression of Communist activity has occurred several times since the early 1960s. More recently, Baghdad condemned the ostensible Soviet-Egyptian acceptance of US peace initiatives following the August 1970 ceasefire. Although Baghdad did not fall into line on this issue, it subsequently became less vocal in its opposition.

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APPENDIX

Statistical Tables

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Table 3

USSR: Economic Aid Extended to Iraq  
1959-71

| <u>Date of Agreement</u> | <u>Million US \$</u> | <u>Allocation of Credits</u>  | <u>Terms of Repayment</u>   |
|--------------------------|----------------------|---|---|
| <i>Total</i>             | 553.7                |   |   |
| Mar 1959                 | 137.5                | Line of credit -- complete plants, machinery, and equipment   | Payment in 12 years at 2.5% interest in local goods or convertible currency.  |
| May 1960                 | 45.0                 | Baghdad-Basra railroad  | Payment in 12 years at 2.5% interest.   |
| Jul 1962                 | 1.4                  | Extension of Baghdad-Basra railroad   | Payment in 12 years at 2.5% interest.   |
| Feb 1967                 | 4.4                  | Agricultural equipment  | Payment in 6 years at 2% interest.  |
| Jun 1969                 | 54.0                 | Petroleum development, Al Halfayah  | Payment in 5 years at 3% interest under the terms of the 1958 trade agreement with periodic settlement in convertible currencies. |
| Jul 1969                 | 66.7                 | Petroleum development<br>North Rumaylah<br>Ar Ratawi<br>Nahr 'Umar<br>Pipeline from Rumaylah to Fao   | Payment in 7 years at 2.5% interest in crude oil.   |
| Jul 1970                 | 2.5                  | Agricultural equipment  | Payment in 5 years.   |
| Nov 1970                 | 20.0                 | Agricultural equipment  | N.A.  |
| Apr 1971                 | 222.2                | Line of credit<br>Oil refinery, Mosul<br>Pipeline, northern Iraq<br>Pipeline from Baghdad to Basra<br>2 hydroelectric stations, Dukan and Darband-I Khan<br>Phosphate mine, Ukashat<br>Superphosphate fertilizer factory<br>2 dairy plants<br>Fisheries development<br>Irrigation equipment, Ath-Tharthar Canal | Payment at 2.5% interest in crude oil.  |

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Table 4

Eastern Europe and the People's Republic of China:  
Economic Aid Extended to Iraq  
1965-71

|                            | Date of Agreement | Million US \$ | Allocation of Credits                                       | Terms of Repayment   |
|----------------------------|-------------------|---------------|---|--|
| Eastern Europe             |                   | <u>238.9</u>  |   |  |
| Bulgaria                   | Aug 1967          | 14.0          | Telephone network, machinery, and equipment                 | N.A.   |
|                            | Sep 1970          | 12.0          | Oil and minerals surveys<br>Industrial projects             | Payment in 8 years in crude oil.                                     |
| Czecho-slovakia            | Nov 1969          | 27.0          | Oil refinery, Basra   | Payment in 10 years in crude oil.                                    |
| East Germany               | Jul 1969          | 84.0          | Line of credit -- complete plants, machinery, and equipment | Payment in 12 years at 2.5% interest primarily in crude oil (70%)    |
| Hungary                    | Oct 1969          | 11.2          | Oil drilling  | Payment in 7 years at 3% interest probably in crude oil.             |
|                            | Apr 1970          | 30.8          | North Rumaylah and Jambur Machinery                         | Payment primarily in crude oil (70%).                                |
| Poland                     | Jan-Jun 1965      | 20.0          | Railroad cars   | N.A.   |
|                            | 1969              | 2.5 a/        | Sugar refinery, Mosul                                       | N.A.   |
|                            | Jan 1971          | 2.4           | 200 railroad tank cars                                      | Payment in 6 years at 5% interest                                    |
| Romania                    | Oct 1971          | 35.0          | Petroleum development                                       | Payment in 7 years at 2.5% interest in crude oil.                    |
| People's Republic of China | Jun 1971          | <u>39.2</u>   | Plants, machinery, and equipment                            | Interest-free; payment over 10 years beginning in 1984 in crude oil. |

a. Minimum estimated value.

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Table 5

## Total Official Gross Bilateral Economic Aid Delivered to Iraq

| Donor               | Million US \$ |             |             |             |             |             |            |            |            |             |              |
|---------------------|---------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|--------------|
|                     | 1959-61       | 1962        | 1963        | 1964        | 1965        | 1966        | 1967       | 1968       | 1969       | 1970        | 1959-70      |
| <i>Total</i>        | <i>20.3</i>   | <i>31.1</i> | <i>28.1</i> | <i>35.3</i> | <i>31.6</i> | <i>27.9</i> | <i>9.8</i> | <i>8.2</i> | <i>9.0</i> | <i>23.3</i> | <i>224.6</i> |
| <i>Western a/</i>   | <i>3.3</i>    | <i>1.1</i>  | <i>5.1</i>  | <i>13.3</i> | <i>9.6</i>  | <i>4.9</i>  | <i>3.9</i> | <i>1.8</i> | <i>8.5</i> | <i>10.0</i> | <i>61.5</i>  |
| Austria             | --            | --          | --          | --          | 1.8         | 0.2         | 0.1        | --         | --         | --          | 2.1          |
| France              | N.A.          | N.A.        | N.A.        | N.A.        | N.A.        | N.A.        | N.A.       | N.A.       | 6.8        | 9.3         | 16.1         |
| Italy               | --            | --          | --          | --          | --          | --          | 0.1        | 0.1        | 0.1        | 0.3         | 0.6          |
| Japan               | --            | --          | --          | 0.8         | --          | --          | 0.1        | 0.1        | --         | --          | 1.0          |
| United Kingdom      | --            | --          | --          | --          | 0.1         | 0.1         | 0.1        | --         | --         | --          | 0.3          |
| United States       | 3.2           | 1.0         | 5.0         | 12.0        | 7.1         | 4.0         | 3.0        | 1.0        | 1.0        | --          | 37.3         |
| West Germany        | 0.1           | 0.1         | 0.1         | 0.5         | 0.6         | 0.6         | 0.5        | 0.6        | 0.6        | 0.4         | 4.1          |
| <i>Communist b/</i> | <i>17.0</i>   | <i>30.0</i> | <i>23.0</i> | <i>22.0</i> | <i>22.0</i> | <i>23.0</i> | <i>5.9</i> | <i>6.4</i> | <i>0.5</i> | <i>13.3</i> | <i>163.1</i> |

a. Western countries include those countries that are members of the Development Assistance Committee (DAC) of the OECD. Deliveries include grants, net loans repayable in recipients' currencies, net transfers of resources through sales for recipients' currencies, and loans with maturities over one year. While determination cannot be made of the amount delivered on those loans with maturities of one to five years, it is known that such loans amount to less than 5% of the total.

b. Deliveries of Communist aid include grants and loans with maturities of five years or more. An estimated \$40 million was drawn in 1971.

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Table 6

Iraq: Trade with the USSR and Eastern Europe a/

|                         | <u>1960</u>   | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> |
|-------------------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                         | Million US \$ |             |             |             |             |             |             |
| <i>Exports</i>          | 654.1         | 882.3       | 934.1       | 828.2       | 1,043.3     | 1,045.2     | 1,098.7     |
| Excluding petroleum     | 30.8          | 59.4        | 74.2        | 66.9        | 77.3        | 72.5        | 69.4        |
| Of which:               |               |             |             |             |             |             |             |
| To the USSR             | 0.7           | 3.7         | 3.2         | 5.1         | 4.1         | 4.7         | 4.6         |
| To Eastern Europe       | 1.3           | 1.4         | 2.4         | 1.5         | 1.7         | 8.0         | 3.4         |
|                         | Percent       |             |             |             |             |             |             |
| Share of the USSR       | 2             | 5           | 4           | 8           | 5           | 6           | 7           |
| Share of Eastern Europe | 4             | 2           | 3           | 2           | 2           | 11          | 5           |
|                         | Million US \$ |             |             |             |             |             |             |
| <i>Imports</i>          | 388.9         | 450.5       | 423.1       | 423.4       | 404.8       | 440.4       | 508.8       |
| Of which:               |               |             |             |             |             |             |             |
| From the USSR           | 7.4           | 29.6        | 35.9        | 36.7        | 50.8        | 67.7        | 66.0        |
| From Eastern Europe     | 23.5          | 60.5        | 42.2        | 26.1        | 31.6        | 34.5        | 53.0        |
|                         | Percent       |             |             |             |             |             |             |
| Share of the USSR       | 2             | 7           | 7           | 9           | 13          | 15          | 13          |
| Share of Eastern Europe | 6             | 13          | 9           | 6           | 8           | 8           | 10          |

a. Soviet trade data are from the official Soviet trade yearbook, Foreign Trade Handbook; East European figures are from official country data reported by the US Department of Commerce. Iraq's total trade figures are from official country data reported by the International Monetary Fund in the Direction of Trade and International Financial Statistics.

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Table 7

Estimated Repayments in Oil  
for Communist Credits Extended to Iraq

|              | Million US \$                             |                  |                 |
|--------------|---|------------------|-----------------|
|              | <u>Total<br/>Repayments <sup>a/</sup></u> | <u>Principal</u> | <u>Interest</u> |
| <i>Total</i> | 226                                       | 192              | 34              |
| 1970         | --  | --               | --              |
| 1971         | --  | --               | --              |
| 1972         | 6   | 4                | 2               |
| 1973         | 11  | 9                | 2               |
| 1974         | 17  | 14               | 3               |
| 1975         | 21  | 18               | 3               |
| 1976         | 27  | 23               | 4               |
| 1977         | 33  | 28               | 5               |
| 1978         | 36  | 31               | 5               |
| 1979         | 38  | 33               | 5               |
| 1980         | 37  | 32               | 5               |

*a. Estimates assume that drawings on Communist credits repayable in oil will be made through 1988 with an annual average drawdown of \$37 million during the period 1970-80.*

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Table 8

Communist Military Aid Agreements with Iraq  
1958-71

| Month and Year | Communist Signatory        | Million US \$ | Selected Types of Equipment Ordered   |
|----------------|----------------------------|---------------|---|
| Nov 1958       | USSR                       | 131           | 32 MIG-17 jet fighters, 12 IL-28 light jet bombers, 12 MI-4 helicopters, 150 T-34/54 tanks, armored personnel carriers, artillery.                |
| Feb 1960       | USSR                       | 98            | 16 MIG-19 jet fighters, 3 AN-12 heavy transport aircraft, P-6-class torpedo boats, medium tanks, armored personnel carriers, artillery.           |
| Oct 1961       | USSR                       | 113           | 16 MIG-21 jet fighters, 10 TU-16 medium jet bombers, 3 IL-28 light jet bombers, medium tanks (SA-2 missile system later resold to Egypt).         |
| Jun 1964       | USSR                       | 41            | 18 MIG-21 jet fighters.   |
| May 1966       | USSR                       | 181           | 32 SU-7 fighter bombers, 16 MIG-21 jet fighters, 8 Komar-class guided missile patrol boats, 4 T-43-class minesweepers, a Petya-class escort ship. |
| Jul 1967       | USSR                       | 80            | 36 MIG-21 jet fighters, 16 MIG-15/17 jet fighters.  |
| Oct 1967       | Czechoslovakia             | 20            | 20 L-29 jet trainers.   |
| Mar 1968       | USSR                       | 10            | 10 AN-24 transport aircraft.  |
| Mar 1968       | Bulgaria                   | 2             | Artillery ammunition.   |
| May 1968       | Czechoslovakia             | 30            | 20 L-29 jet trainers, antiaircraft guns.  |
| May 1969       | USSR                       | 45            | 32 SU-7 fighter bombers, 14 MI-8 helicopters.   |
| Aug 1969       | Czechoslovakia             | 15            | MIG-15 jet fighters, trainers.  |
| Sep 1969       | Poland                     | 10            | MIG-15 jet fighters, trainers.  |
| 1st half 1970  | USSR                       | 30            | 16 MIG-21 jet fighters, 3 SU-7 fighter bombers.   |
| Oct 1970       | USSR                       | 25            | Spare parts, communications equipment.  |
| Jul 1971       | USSR                       | 14            | MI-8 helicopters.   |
| Jul 1971       | People's Republic of China | N.A.          | N.A.  |
| Oct 1971       | USSR                       | 236           | N.A.  |

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Table 9

Major Communist Military Equipment  
Delivered to Iraq  
1959-71

| Equipment   | Units        |
|---|--------------|
| <b>Land armaments</b>   |              |
| Tanks   | 758          |
| Armored personnel carriers  | 1,133        |
| Artillery a/<br>Self-propelled guns   | 1,575<br>156 |
| <b>Naval ships</b>  |              |
| Minesweepers  | 2            |
| Submarine chasers   | 3            |
| Motor torpedo boats   | 12           |
| Other   | 7            |
| <b>Aircraft</b>   |              |
| Medium jet bombers  | 10           |
| Light jet bombers   | 15           |
| Jet fighters  | 235          |
| Heavy transports  | 11           |
| Helicopters   | 58           |
| Other   | 129          |
| <b>Guided missile systems</b>   |              |
| Surface-to-surface, antitank b/   | 28           |
| Air-to-air d/   | 97           |
| a. Including recoilless rifles, rocket launchers,<br>and mortars over 100-mm in size.<br>b. Indicates number of vehicles used as launchers<br>(three missiles per vehicle). |              |
|   |              |
| d. Indicates number of fighter aircraft equipped<br>with AAM (two to four per aircraft).  |              |

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